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STATISTICAL BULLETIN

Volume 18, No. 4, April, 1985

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The Conference Board

1717 PO000001 0000
STAT PUBLICAL REFERENCE 000
ACQUISITIONS INDEX
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COMMENT

Only last month, we said in this space that the dollar is not only strong but seems to gather strength almost regardless of economic conditions—as long as inflation remains well in check. There is no evidence that inflation got out of check in March, but the dollar's value declined by about 10% against several European currencies in the last two weeks of the month. When the value of the dollar changes by a percentage point or two in a single day, it would seem that speculative forces outweigh economic fundamentals in international exchange.

At the moment, those speculative forces are weighing down the dollar. As shown on the *Foreign Exchange Market Rates* chart, however, the dollar has merely lost some of the gains recorded earlier this year. It is still higher than it was on New Year's Day, 1985. One big question mark is whether it will be higher or lower on New Year's Day, 1986 than it is now. The dollar is no longer gathering strength almost regardless of conditions. A significantly stronger dollar by year's end is less likely than a significantly lower dollar. The latter outcome would result in somewhat higher price increases but would also help stem the flood of imports. That, in turn, would give a boost to domestic production, provided consumer demand for goods maintains some forward momentum and business investment demand does not weaken appreciably. In times such as these, forecasts identify more questions than answers—especially forecasts of the future.

Retailers were unpleasantly surprised at the lukewarm reception their heavily-advertised wares received from shoppers during the Christmas season. Nor have retail sales surged in subsequent months, despite lower rates on some types of consumer loans. Further, the outlook for consumer demand, especially on the big-ticket durable items, is not all that rosy.

With the economic expansion now in its third year, consumer attitudes are still quite positive. Households remain convinced that the economy is not about to fall into recession, but they are less sure now that better times lie immediately ahead. The Conference Board's *Consumer Confidence Index* quickly rose from 58.0 (1969-1970 = 100) in January, 1983 to 90.2 in November, 1983. Of course, the improvement in the unemployment rate, from 10.4% to 8.4%, helped ease concerns about potential job loss. The *Consumer Confidence Index* remained within a range of 90 to 98 over the next twelve months. It dipped to 85.9 in December, 1984, recovered to 95 in January and February but then fell to 88.1 in March.

Consumers' appraisal of present business conditions has remained very steady, and positive, over this period. Their appraisal of conditions over the next six months, however, has steadily eroded. Exactly two years ago, the *Expectations Index*, a component of the overall series, reached a record level of 120. It returned to that peak at the end of 1983 but then declined to 100 by August, 1984, recovered to 107 by November and then declined to 94 by March. Meanwhile, the unemployment rate improved to 7.5% by May, 1984 but was still at 7.3% in March, 1985. The consumer survey respondents, although optimistic about economic conditions, are saying that jobs are becoming a little more difficult to find. Most of the respondents expect the employment picture to be about the same six months from now as it is currently but a growing minority think it may get a little worse before it gets any better.

In the early days of recovery, with consumer confidence at a peak, households willingly spent their incomes and borrowed liberally. The ratio of *Consumer Installment Debt Expansion to Personal Income* quickly rose from 0 (households paid off as much old debt as they were incurring) in early 1983 to a little over 2% by October, 1983, and to a little over 4% by May, 1984. Since then, the ratio has declined to about 2½% by January, 1985. After two years of freely piling up debt, consumers, now not quite so supremely confident about continued strong economic expansion, are a little more cautious about borrowing.

With households attempting to curb their borrowing, increases in consumer demand are now more in line with increases in purchasing power. Personal income, adjusted for inflation, rose at about a 5% annual rate over the four months ending in January, 1985. Retail sales, adjusted for inflation, rose at about a 5.3% annual rate over this period. In February, however, real retail sales increased by 1.1% while real personal income remained flat. Even discounting the seasonal adjustment problems caused by erratic winter weather, these data suggest that a slower pace of demand in the next few months is more likely than any surge in buying. In fact, consumer spending on cars and other durable goods may even decline in the second half of 1985.

Business investment fairly boomed in 1984 and the Conference Board's *Capital Appropriations and Expenditures* survey of the nation's 1,000 largest manufacturers for the fourth quarter of 1984 showed no evidence of any slowing. The survey respondents said that they expect their capital spending to rise by 34% in 1985, following a 19%

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STATISTICAL BULLETIN (ISSN 0010-5554), published monthly by The Conference Board Inc. 845 Third Avenue, New York, N.Y. 10022. Printed in New York, N.Y. Second-class postage paid at New York, N.Y.

The Conference Board of Canada
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Ottawa, Ontario, K1L-6R3, Canada

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New York, New York 10022

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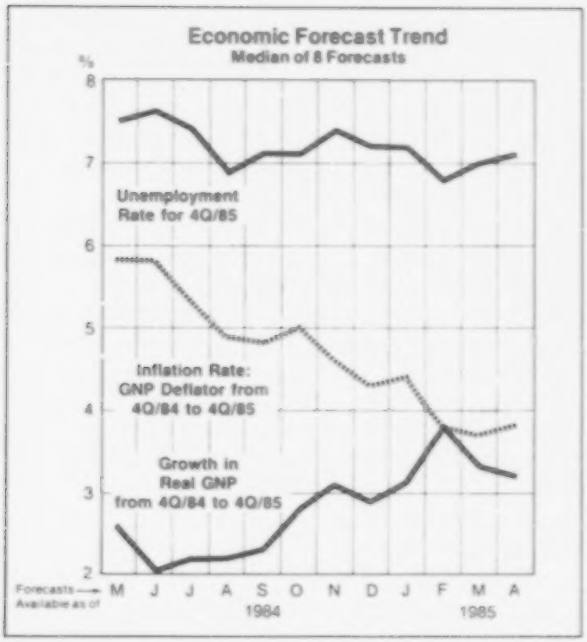


increase in 1984. However, some of that is going to be spent on imported equipment.

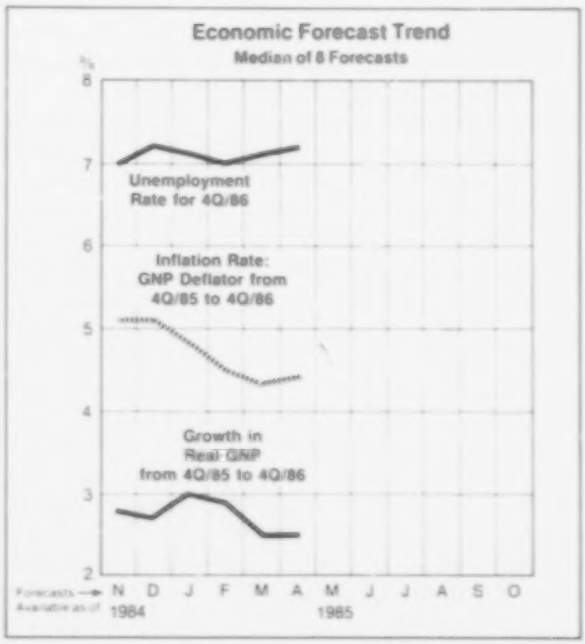
Both consumers and business have been buying lots of foreign-produced goods, taking advantage of the steep discount the strong dollar imparts to imports. Industrial production rose by a mere 1% annual rate in the four months ending in January. Industrial production actually declined in February but then rose a bit in March. Erratic winter weather again makes it difficult to make too much of these latest readings. The capacity utilization series, however, clearly show that domestic production is being hampered by more than snow and cold temperatures. The operating rate for advanced-processing manufacturers first reached the 82% level in February, 1984 and remained at 82% through August, 1984. But, it had declined to 80% by February, 1985.

The late-March decline in the dollar did not go far enough or last long enough to have much impact on the discounted prices of imports. The pace of consumer and business spending, then, is likely to continue to outrun gains in production as buyers continue taking advantage of relative bargains. Slow gains in production will continue to limit the number of new jobs opening up, which will continue to dampen consumer confidence. More importing, then, spells little relief from huge trade deficits, which have a way of steadily eroding economic momentum.

The *Economic Forecasts* indicate that the pace of activity will be slowing in the second half of this year. The median of the Forecasts shows that real GNP growth will be 3.4% in the second quarter of 1984, following a 3.3% rise in the first quarter (seasonally adjusted annual rates). Real output growth is then expected to fall to 3.1% in the third quarter, 2.7% in the fourth quarter and 2.6% in the first quarter of 1986. These slightly slower economic growth rates imply that the balance-of-trade deficit may not widen too precipitously. Further, a slight drop in demand, especially for consumer durables, may keep growth in credit demand from putting upward pressure on interest rates. Only a short while ago, many analysts thought rates would rise this year. It now appears likely that interest rates will not rise at all in 1985. No increase in rates and somewhat slower economic growth could dampen the speculation in international exchange markets. A decline in the value of the dollar now appears more likely than any rise in interest rates.

The median *Economic Forecast* indicates that real output growth may quicken a bit to 2.9% in the second and third quarters of 1986, and return to a quite robust 3.5-to-4% rate in the last two quarters of the forecast horizon. The more pessimistic forecasts indicate that the slowing in growth may be more pronounced—perhaps even including a brief period of outright decline—and not much pickup in the pace of activity later this year or next.

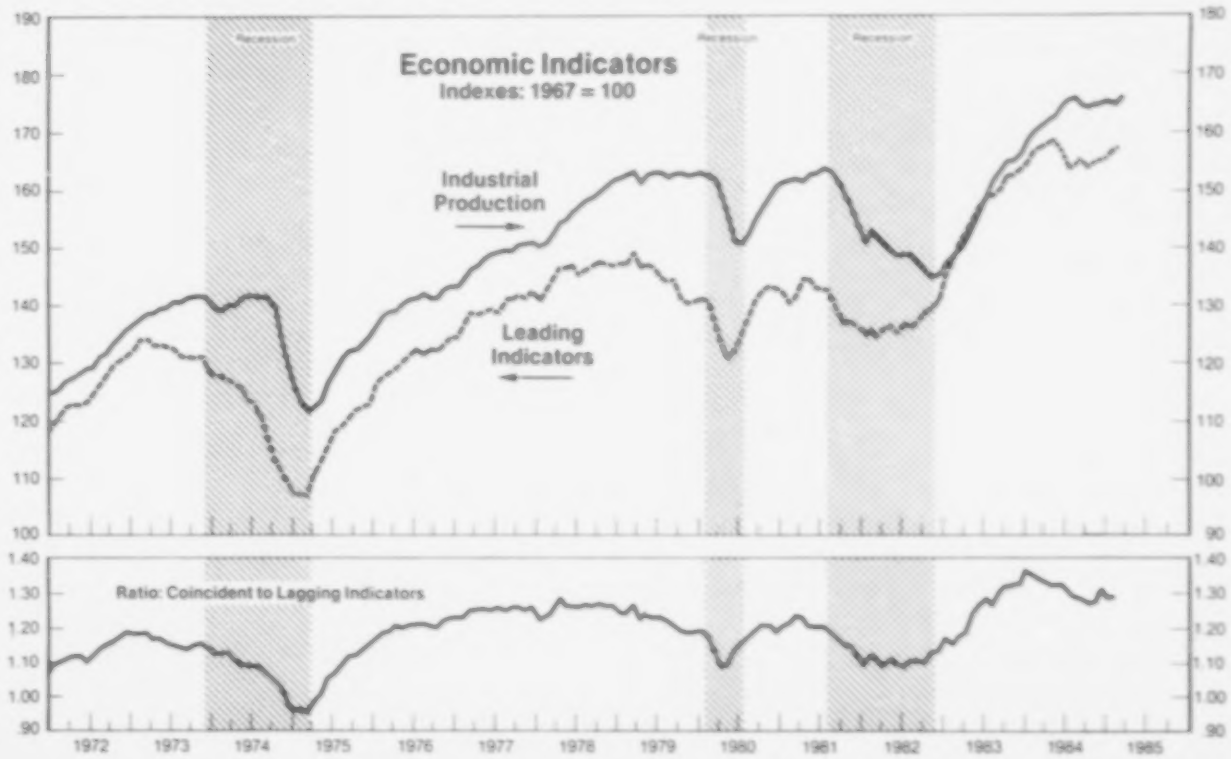
Ken Goldstein
April 9, 1985



STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change From Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Feb.	X			+ 1.6%	+ 0.6%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Feb.	X			+ 15.7%	+ 19.5%
New orders, nondefense capital goods (deflated)	Feb.	X			+ 19.5%	+ 21.1%
*New business formation	Feb.		X		+ 2.6%	+ 0.7%
*Housing permits	Feb.		X		+ 0.6%	- 15.8%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Feb.		X		+ 3.0%	- 0.5%
*Change in inventory, on hand & order (deflated)	Jan.			X	- 16.1%	- 16.2%
Purchasing agents' buying policy	Mar.		X		0 %	- 11.0%
*Vendor performance, reported slower deliveries	Feb.		X		- 2.0%	- 20.0%
Industrial raw materials prices	Mar.			X	- 4.0%	- 13.1%
*Change in sensitive material prices	Feb.		X		- 0.4%	- 1.2%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Feb.	X			+ 2.3%	+ 5.5%
Change in business loans	Feb.		X		- 30.6%	- 42.4%
*Change in credit outstanding	Jan.		X		+ 1.3%	+ 6.1%
Change in consumer installment debt	Jan.	X			+ 11.4%	+ 33.1%
Profitability						
Total corporate profits, after tax (deflated)	4th Q		X		- 0.2%	- 1.2%
*Common stock prices	Mar.	X			+ 9.1%	+ 14.0%
Marginal Employment Adjustments						
*Average workweek, mfg.	Mar.		X		- 0.3hr	- 0.3hr
*Initial unemployment claims (inverted)	Mar.		X		- 1.0%	- 12.1%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington, D.C.: Government Printing Office) June, 1977.
*These twelve series make up the Composite Leading Index charted below.



CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1984 Feb.	1985 Nov	Dec.	Jan.	Feb.(e)
Principal Diffusion Index	71.5	53.8r	54.3r	55.5r	53.9
Auxiliary Diffusion Index	48.1	57.3r	51.6r	54.0r	44.8
Industrial Group	74.3	50.5r	49.8r	49.2r	47.4
Nonindustrial Group	68.7	57.2r	58.8r	61.9r	60.5
Sense of Diffusion	1.0	1.0	.0	.0	.0
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	62.0	47.2	39.7r	47.6r	44.9
Labor	77.6	54.7r	58.3r	52.6r	50.6
Miscellaneous	84.6	44.9	43.6	42.9	42.9
Nonindustrial Subgroups					
Prices	57.7	46.2	38.5	39.1	40.4
Consumer	83.8	73.9r	77.8r	81.6r	79.9
Building	66.7	61.5	67.9r	65.4r	63.5
Miscellaneous	62.4	44.9r	47.4r	55.1r	52.6

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index

BUSINESS EXECUTIVES' EXPECTATIONS

	1982		*1983*				*1984*				*1985*
	Aug.	*Nov.*	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb.*
	Score (scale 0-100)										
Measure of Business Confidence	55	60	70	78	75	74	70	65	61	57	61
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	38	44	65	76	82	80	76	75	70	57	62
2. Expectations for Economy, Six Months Ahead	65	70	76	78	74	73	67	60	57	57	61
3. Expectations for Own Industry, Six Months Ahead	61	65	70	72	69	70	67	61	57	58	61

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

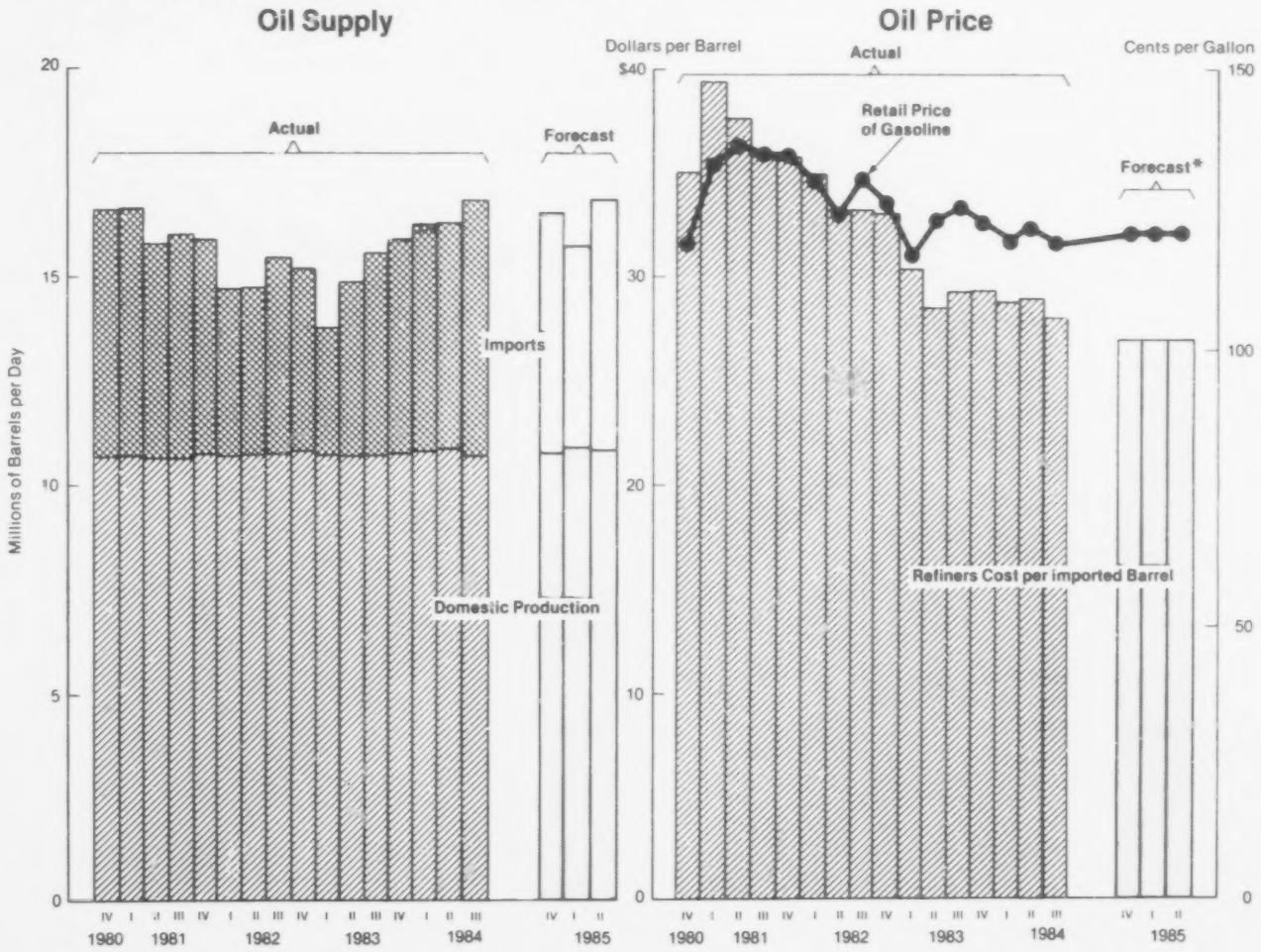
	1983			1984				Percent Change From Previous Year		
	IIr	IIIr	IVr	Ir	IIr	IIIr	IVp	1983 Actual	1984 Actual	1985 Expected**
1000 LARGEST MANUFACTURING FIRMS										
New appropriations	20.874	22.875	24.262	26.816	37.154	27.592	28.984	1	32	7
Capital expenditures	18.664	18.244	19.560	19.905	21.808	22.924	24.956	−23	19	34
Change in appropriations backlog*	+0.982	+1.988	+0.928	+5.152	+13.867	+3.386	+1.341			
Durable Goods										
New appropriations	9.293	9.119	11.024	13.662	21.216	12.617	14.794	17	58	−17
Capital expenditures	7.717	7.667	8.727	8.714	10.033	11.031	12.469	−19	33	25
Change in appropriations backlog*	+0.887	+1.466	+0.819	+4.057	+10.843	+1.303	+0.890			
Nondurable Goods										
New appropriations	11.581	13.666	13.238	13.154	15.938	14.975	14.190	− 9	12	33
Capital expenditures	10.947	10.577	10.833	11.191	11.775	11.893	12.487	−26	9	42
Change in appropriations backlog*	+0.095	+0.522	+0.109	+1.095	+3.024	+2.083	+0.451			
ELECTRIC & GAS UTILITIES										
New appropriations	6.831	5.752	6.561	5.090	7.843	9.675	11.383	−30	26	
Capital expenditures	8.966	8.922	8.676	8.737	8.859	9.019	9.190	− 2	1	
Change in appropriations backlog*	−6.601	−4.321	−4.415	−6.109	−2.971	−1.526	−3.086			

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quartely reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

r—revised p—preliminary

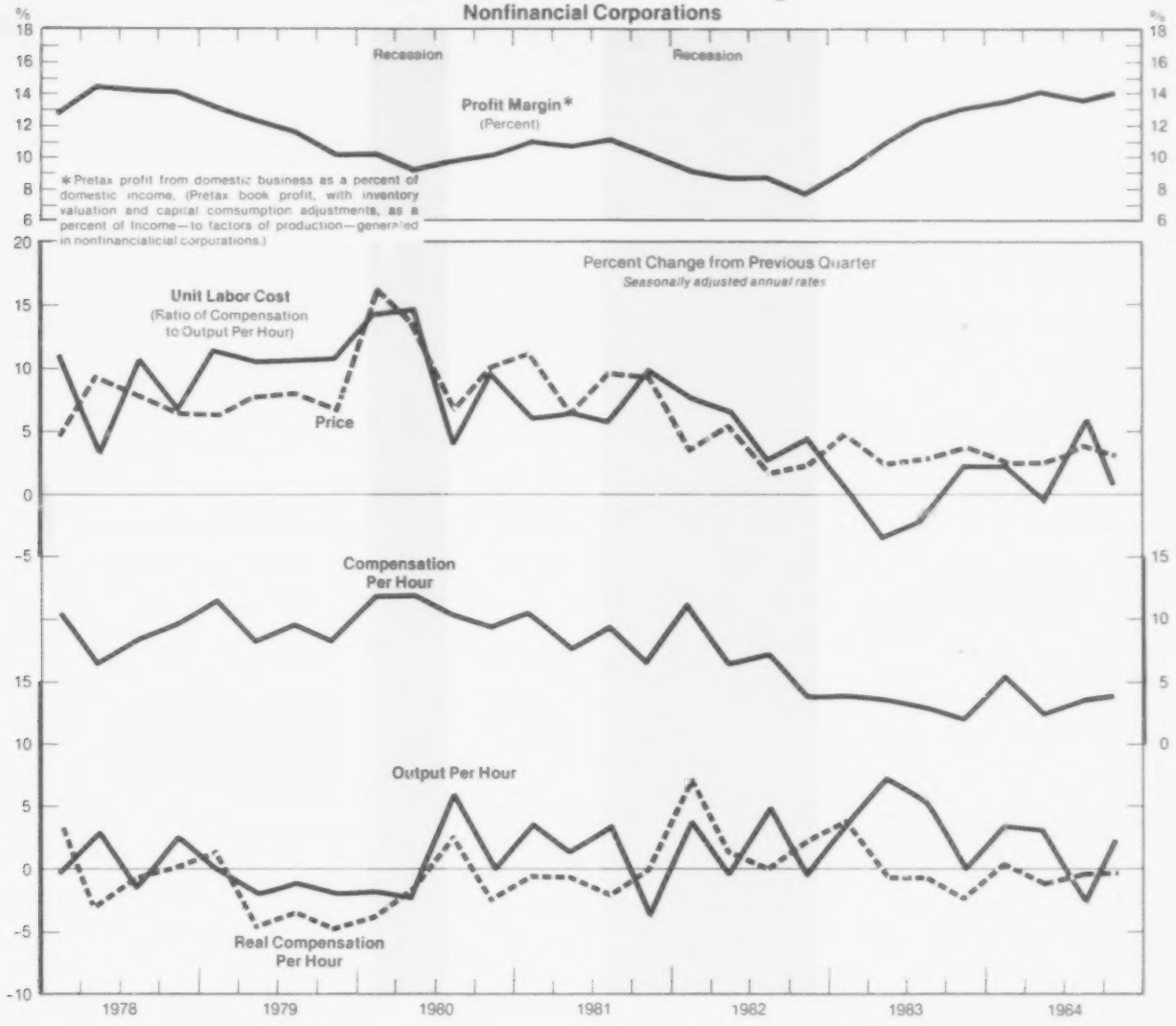
* Change in Backlog = New Appropriations—(Expenditures + Cancellations + Other Adjustments).

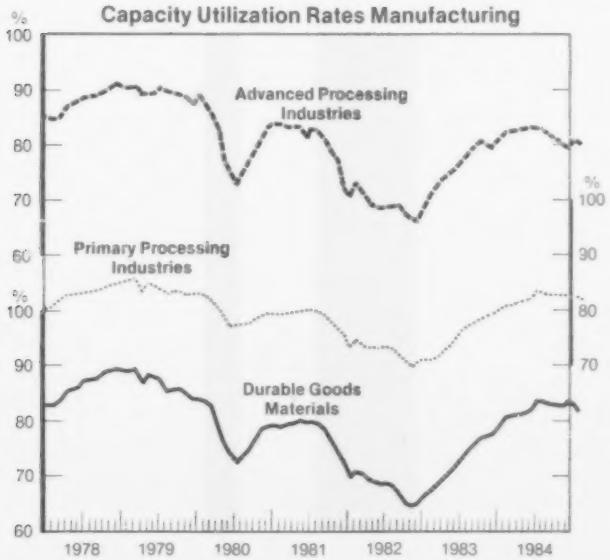
** Results based on survey respondents' expectations.



*Source: of Forecast is The Energy Information Administration; Department of Energy.

Key Determinants of Profit Margin





ECONOMIC FORECASTS

			U.C.L.A. Business Forecasting Project[2]		Merrill Lynch Economics Inc.[2]		E.I. duPont de Nemours & Co.[2]		Georgia State University[2]	
Date of Forecast			*Mar., 1985*		*Mar., 1985*		*Mar., 1985*		*Mar., 1985*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1984**	**IV**	**$3758.7**	**7.1%**	**$3758.7**	**7.1%**	**$3758.7**	**7.1%**	**$3758.7**	**7.1%**
	1985	I	3840.8	9.0	3830.3	7.8	3828.3	7.6	3835.4	8.4
		II	3901.2	6.4	3904.4	8.0	3865.9	4.0	3915.0	8.6
		III	3968.3	7.1	3979.2	7.9	3931.9	7.0	3985.7	7.4
		IV	4037.1	7.1	4047.7	7.1	3997.8	6.9	4052.7	6.9
	1986	I	4095.3	5.9	4114.0	6.7	4065.4	6.9	4124.9	7.3
		II	4153.1	5.8	4193.8	8.0	4149.0	8.5	4206.6	8.2
		III	4217.3	6.3	4276.4	8.1	4206.9	5.7	4249.7	4.2
		IV	4293.9	7.5	4366.8	8.7	4267.6	5.9	4277.7	2.7
	1987	I	4379.5	8.2						
	1985	Annual	3936.9	7.5	3940.4	7.6	3906.0	6.6	3947.2	7.8
	1986	Annual	4189.9	6.4	4237.8	7.5	4172.2	6.8	4214.7	6.8
Gross National Product Billions of Constant (1972) Dollars										
Actual	**1984**	**IV**	**$1662.4**	**4.2%**	**$1662.4**	**4.2%**	**$1662.4**	**4.2%**	**$1662.4**	**4.2%**
	1985	I	1680.7	4.5	1674.6	3.0	1671.0	2.1	1675.8	3.3
		II	1695.8	3.6	1689.6	3.6	1683.0	2.9	1697.6	5.3
		III	1712.8	4.1	1703.4	3.3	1697.0	3.4	1712.2	3.5
		IV	1729.1	3.9	1713.7	2.4	1707.0	2.4	1721.1	2.1
	1986	I	1740.7	2.7	1723.4	2.3	1719.0	2.8	1730.9	2.3
		II	1751.7	2.6	1737.1	3.2	1736.0	4.0	1744.6	3.2
		III	1764.9	3.0	1751.3	3.3	1742.0	1.4	1741.1	-.8
		IV	1780.6	3.6	1768.2	3.9	1749.0	1.6	1730.1	-2.5
	1987	I	1800.0	4.4						
	1985	Annual	1704.6	4.0	1695.3	3.4	1689.5	3.1	1701.7	3.8
	1986	Annual	1759.5	3.2	1745.0	2.9	1736.5	2.8	1736.7	2.1
Gross National Product deflator Index, 1972 = 100										
Actual	**1984**	**IV**	**226.1**	**2.8%**	**226.1**	**2.8%**	**226.1**	**2.8%**	**226.1**	**2.8%**
	1985	I	228.5	4.4	228.7	4.7	229.1	5.4	228.9	5.0
		II	230.1	2.7	231.1	4.2	229.7	1.1	230.6	3.1
		III	231.7	2.9	233.6	4.4	231.7	3.5	232.8	3.8
		IV	233.5	3.1	236.2	4.5	234.2	4.4	235.5	4.7
	1986	I	235.3	3.1	238.7	4.3	236.5	4.0	238.3	4.9
		II	237.1	3.1	241.4	4.6	239.0	4.3	241.1	4.8
		III	239.0	3.2	244.2	4.7	241.5	4.3	244.1	5.0
		IV	241.1	3.7	247.0	4.6	244.0	4.2	247.3	5.3
	1987	I	243.3	3.6						
	1985	Annual	230.9	3.4	232.4	4.0	231.2	3.5	231.9	3.8
	1986	Annual	238.1	3.1	242.8	4.5	240.2	3.9	242.7	4.6
Unemployment Rate										
Actual	**1984**	**IV**		**7.2%**		**7.2%**		**7.2%**		**7.2%**
	1985	I		7.2		7.3		7.3		7.3
		II		7.1		7.2		7.2		7.2
		III		7.0		7.1		7.1		6.9
		IV		7.0		6.9		6.9		6.8
	1986	I		7.0		6.9		6.9		6.9
		II		7.0		7.0		6.8		7.2
		III		7.0		7.1		6.7		7.5
		IV		7.0		7.0		6.9		7.7
	1987	I		6.9						
	1985	Annual		7.1		7.1		7.1		7.1
	1986	Annual		7.0		7.0		6.8		7.3

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.
[1]Based on revised (second revision) fourth quarter data.

ECONOMIC FORECASTS (continued)

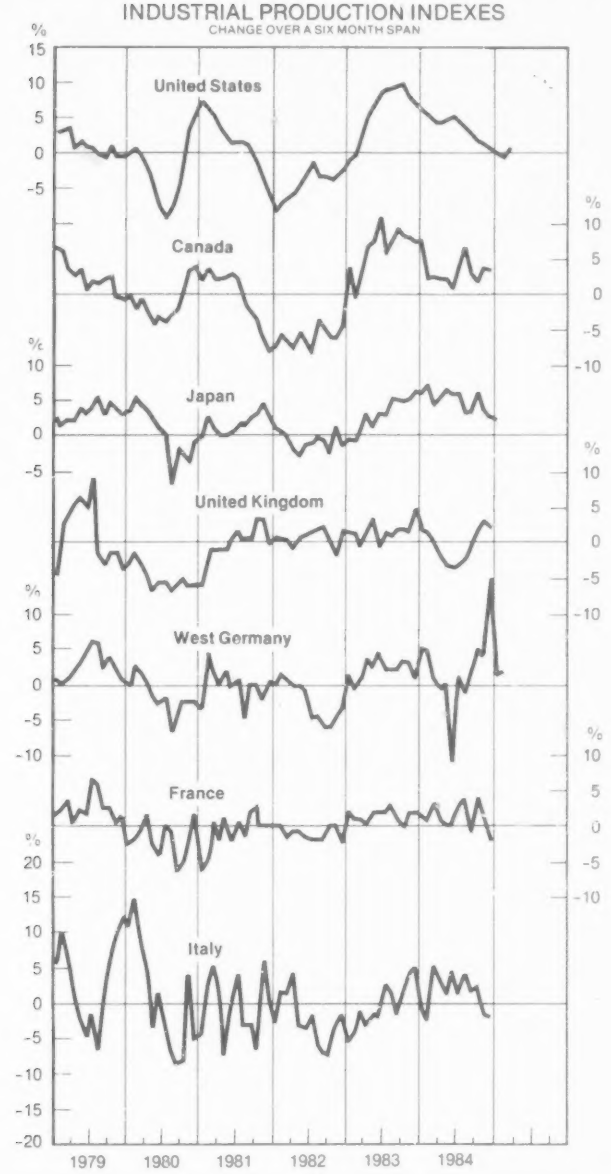
The Conference Board[1] Mar., 1985		Chase Econometric Associates, Inc.[2] Mar., 1985		Data Resources Inc.[2] Mar., 1985		Wharton E.F.A. Inc.[2] Mar., 1985		Date of Forecast		
Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*			
								Gross National Product Billions of Current Dollars		
$3758.7	**7.1%**	**$3758.7**	**7.1%**	**$3758.7**	**7.1%**	**$3758.7**	**7.1%**	**IV**	**1984**	**Actual**
$3819.0	6.6	3834.4	8.3	3828.0	7.6	3839.4	8.9	I	1985	
3883.0	6.9	3901.6	7.2	3881.2	5.7	3894.2	5.8	II		
3949.0	7.0	3978.2	8.1	3934.3	5.6	3959.9	6.9	III		
3988.0	4.0	4032.5	5.6	3991.1	5.9	4028.9	7.2	IV		
4050.0	6.4	4088.3	5.7	4041.9	5.2	4098.7	7.1	I	1986	
4127.0	7.8	4149.6	6.1	4096.2	5.5	4161.6	6.3	II		
4225.0	9.8	4236.9	8.7	4159.4	6.3	4232.3	7.0	III		
4315.0	8.8	4331.5	9.2	4238.0	7.8	4310.4	7.6	IV		
		4434.6	9.9	4326.7	8.6	4399.8	8.6	I	1987	
3909.8	6.7	3936.7	7.5	3908.7	6.7	3930.6	7.3	Annual	1985	
4179.3	6.9	4201.6	6.7	4133.9	5.8	4200.8	6.9	Annual	1986	
								Gross National Product Billions of Constant (1972) Dollars		
$1662.4	**4.2%**	**$1662.4**	**4.2%**	**$1662.4**	**4.2%**	**$1662.4**	**4.2%**	**IV**	**1984**	**Actual**
$1675.7	3.2	1674.1	2.8	1672.1	2.4	1676.1	3.3	I	1985	
1690.4	3.5	1684.8	2.6	1686.6	3.5	1689.7	3.3	II		
1703.2	3.0	1699.0	3.4	1697.2	2.5	1701.2	2.8	III		
1701.5	-.4	1705.9	1.6	1708.2	2.6	1712.6	2.7	IV		
1711.8	2.4	1710.3	1.0	1715.6	1.7	1723.9	2.7	I	1986	
1725.4	3.2	1717.8	1.8	1723.6	1.9	1733.7	2.3	II		
1744.5	4.5	1734.1	3.8	1734.3	2.5	1745.7	2.8	III		
1761.7	4.0	1751.4	4.1	1748.3	3.3	1760.2	3.4	IV		
		1768.9	4.1	1766.0	4.1	1776.5	3.8	I	1987	
1692.7	3.3	1690.9	3.1	1691.0	3.2	1694.9	3.4	Annual	1985	
1735.9	2.6	1728.4	2.2	1730.5	2.3	1740.9	2.7	Annual	1986	
								Gross National Product deflator index, 1972 = 100		
226.1	**2.8**	**226.1**	**2.8%**	**226.1**	**2.8%**	**226.1**	**2.8%**	**IV**	**1984**	**Actual**
227.9	3.2	229.0	5.3	228.9	5.1	229.1	5.4	I	1985	
229.7	3.2	231.6	4.5	230.1	2.1	230.5	2.5	II		
231.9	3.8	234.1	4.5	231.8	3.0	232.8	4.1	III		
234.4	4.4	236.4	3.9	233.6	3.2	235.3	4.3	IV		
236.6	3.8	239.0	4.6	235.6	3.4	237.8	4.3	I	1986	
239.2	4.5	241.6	4.3	237.7	3.5	240.0	3.9	II		
242.2	5.1	244.3	4.7	239.8	3.7	242.4	4.1	III		
244.9	4.6	247.3	5.0	242.4	4.4	244.9	4.1	IV		
		250.7	5.3	245.0	4.3	247.7	4.6	I	1987	
231.0	3.4	232.8	4.2	231.1	3.5	231.9	3.8	Annual	1985	
240.7	4.2	243.1	4.4	238.9	3.4	241.3	4.0	Annual	1986	
								Unemployment Rate		
	7.2%		**7.2%**		**7.2%**		**7.2%**	**IV**	**1984**	**Actual**
	7.2		7.2		7.3		7.3	I	1985	
	7.3		7.2		7.3		7.3	II		
	7.3		7.2		7.3		7.3	III		
	7.6		7.4		7.4		7.3	IV		
	7.7		7.6		7.5		7.3	I	1986	
	7.7		7.6		7.6		7.3	II		
	7.5		7.5		7.7		7.3	III		
	7.2		7.4		7.7		7.2	IV		
			7.2		7.6		7.1	I	1987	
	7.4		7.3		7.3		7.3	Annual	1985	
	7.5		7.5		7.6		7.3	Annual	1986	

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, contact Linette Shein Waters or Ken Goldstein at (212) 759-0900.

SELECTED INTERNATIONAL COMPARISONS

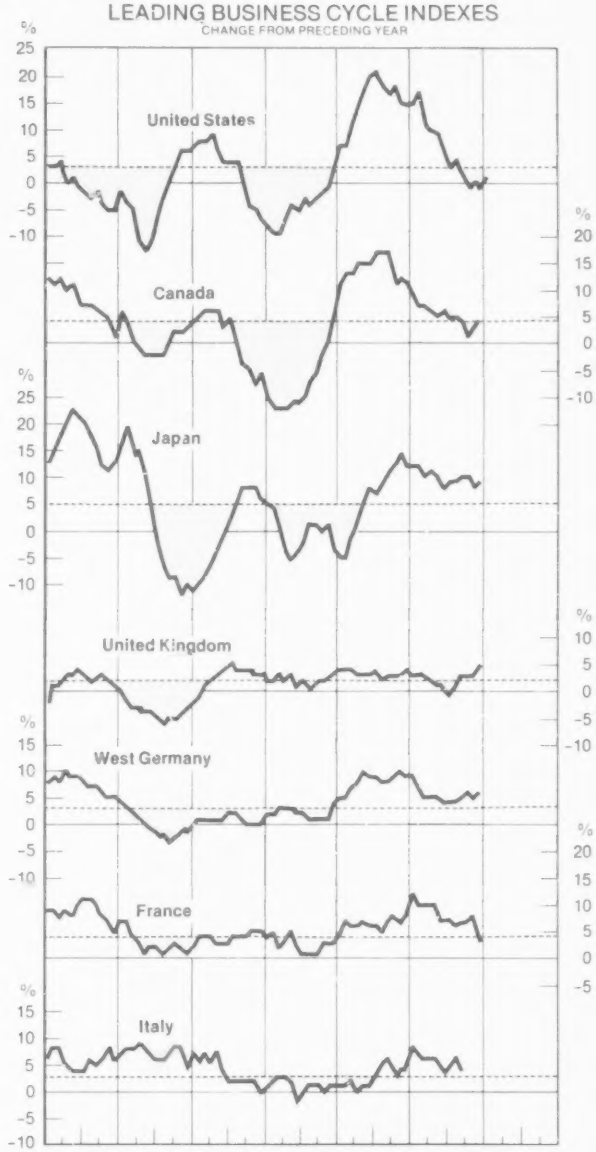
INDUSTRIAL PRODUCTION INDEXES

CHANGE OVER A SIX MONTH SPAN



LEADING BUSINESS CYCLE INDEXES

CHANGE FROM PRECEDING YEAR



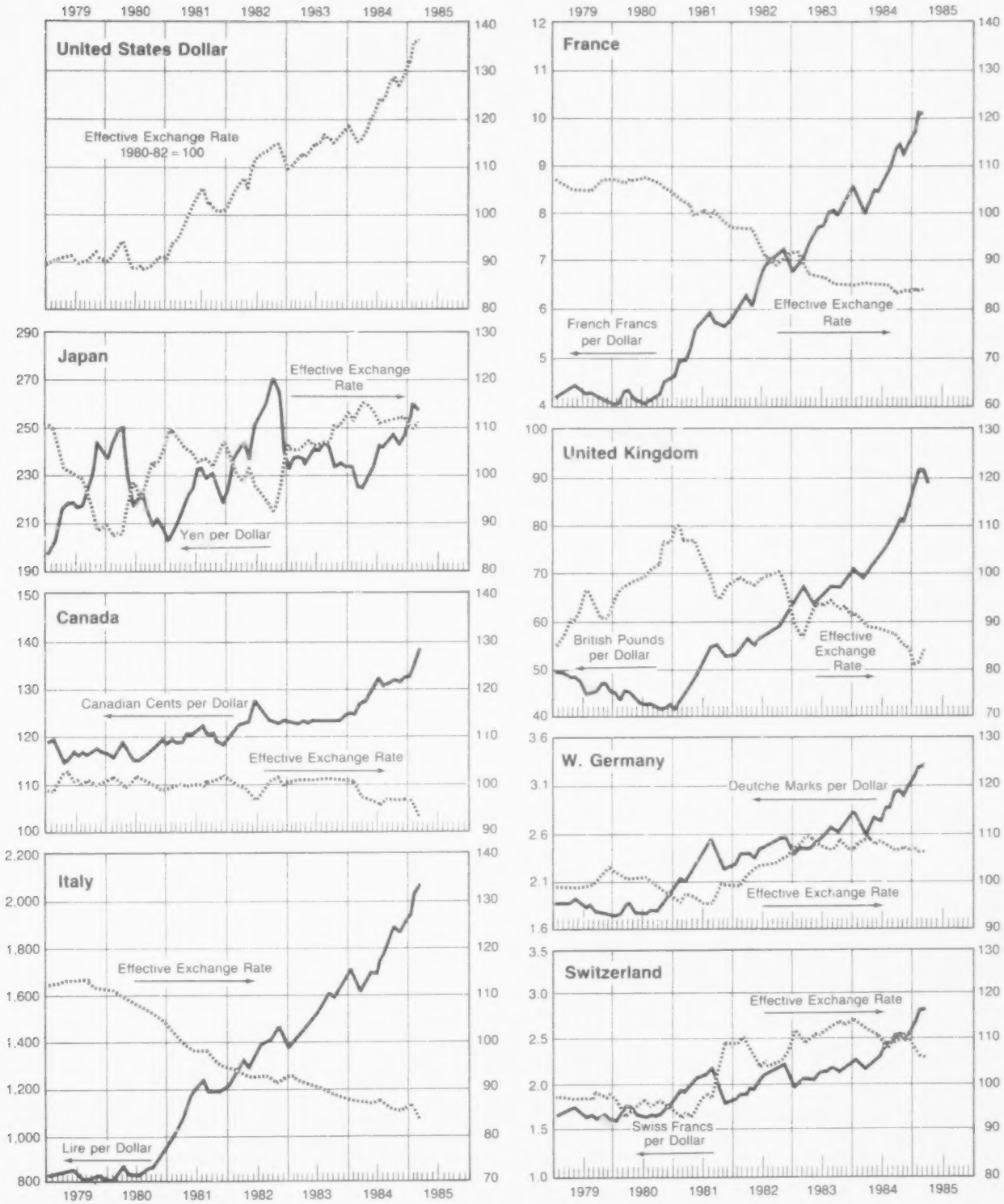
Source: Center for International Business Cycle Research, Columbia University

MERCHANDISE TRADE: VALUE OF EXPORTS

RAW MATERIALS PRICES

Foreign Exchange Rates

Indexes: 1980-82 = 100



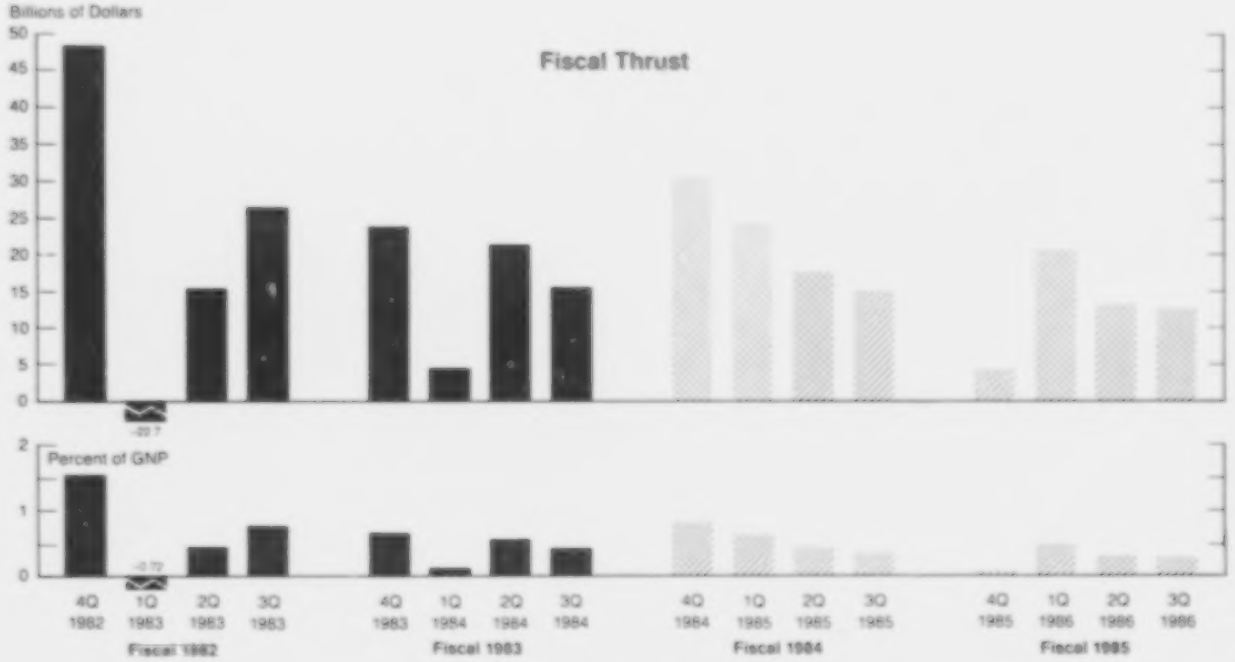
Note: Nominal Effective Exchange Rates: Index numbers 1980-82 = 100. Each index shows a currency's trade-weighted appreciation or depreciation measured against fifteen other major currencies using averages of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

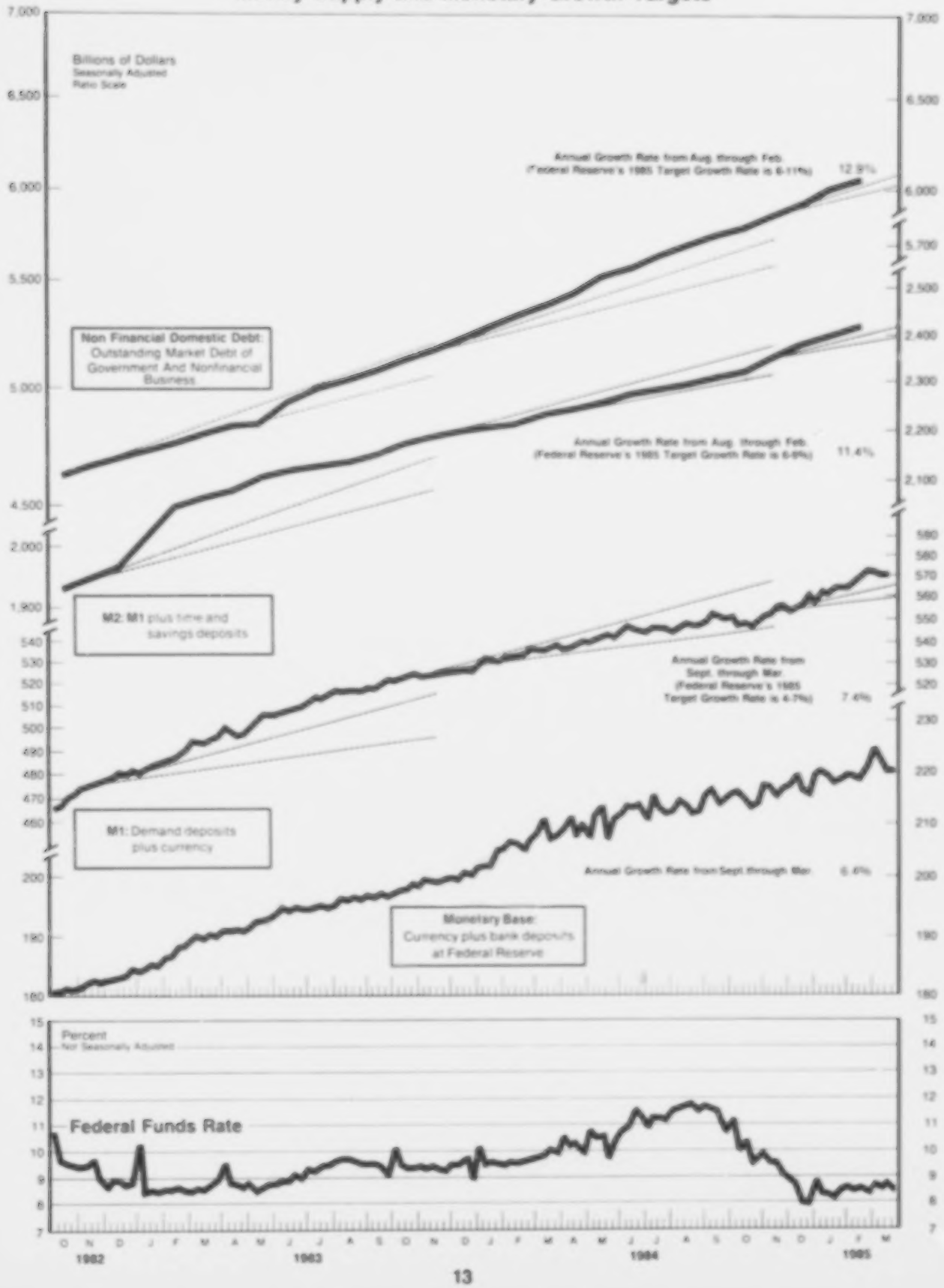
PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

	Fiscal 1985			Fiscal 1986		
	Current Services (2/4/85)	President's Proposal (2/4/85)	Congressional Estimate (2/27/85)	Current Service (2/4/85)	President's Proposal (2/4/85)	Congressional Estimate (2/27/85)
Receipts	**736.9**	**736.9**	**735.0**	**794.3**	**793.7**	**789.0**
Outlays	**960.4**	**959.1**	**960.0**	**1,024.5**	**973.7**	**975.0**
Deficit	**-223.6**	**-222.2**	**-315.0**	**-230.3**	**-180.0**	**-186.0**
Receipts by source	**736.9**	**736.9**	**735.0**	**794.3**	**793.7**	**789.0**
Individual income taxes	329.7	329.7	333.0	359.4	358.9	361.0
Corporate income taxes	66.4	66.4	63.0	74.8	74.1	70.0
Social insurance	268.4	268.4	266.0	289.4	289.4	285.0
Other receipts	72.4	72.4	74.0	70.7	71.3	72.0
Outlays by function	**960.4**	**959.1**	**960.0**	**1,024.5**	**973.7**	**975.0**
National defense	253.2	253.8	252.8	294.6	285.7	284.7
Social security and medicare	257.4	257.4	254.4	273.6	269.4	268.4
Income security	128.3	127.2	127.2	120.8	115.8	115.8
Health	33.9	33.9	33.9	36.7	34.9	34.9
Education and manpower	30.6	30.4	30.4	31.3	29.3	29.3
Veterans' benefits	26.9	26.9	26.9	27.8	26.8	26.8
Transportation	27.0	27.0	26.0	27.9	25.9	25.9
International affairs	19.3	19.6	17.6	19.0	18.3	18.3
National resources and environment	13.0	13.0	13.0	13.2	11.9	11.9
Agriculture	20.2	20.2	21.2	18.1	12.6	11.6
General science	8.7	8.7	8.7	9.3	9.3	9.3
Community development	8.6	8.6	8.6	8.3	7.3	7.3
Justice	6.7	6.7	6.7	6.9	6.6	6.6
General government	5.8	5.8	5.8	5.6	4.8	4.8
Energy	8.7	8.2	6.2	7.9	4.7	4.7
Revenue sharing	6.5	6.6	6.6	6.6	2.8	2.8
Commerce and housing credit	6.0	6.0	6.0	5.3	2.2	2.2
Interest	130.5	130.4	129.4	145.8	142.6	145.6
Allowances	1.1	1.1	1.1	1.7	0.4	0.4
Undistributed offsetting receipts	-32.2	-32.3	-32.3	-36.0	-37.5	-36.5

Sources: Office of Management and Budget; Congressional Budget Office.



Money Supply and Monetary Growth Targets



CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

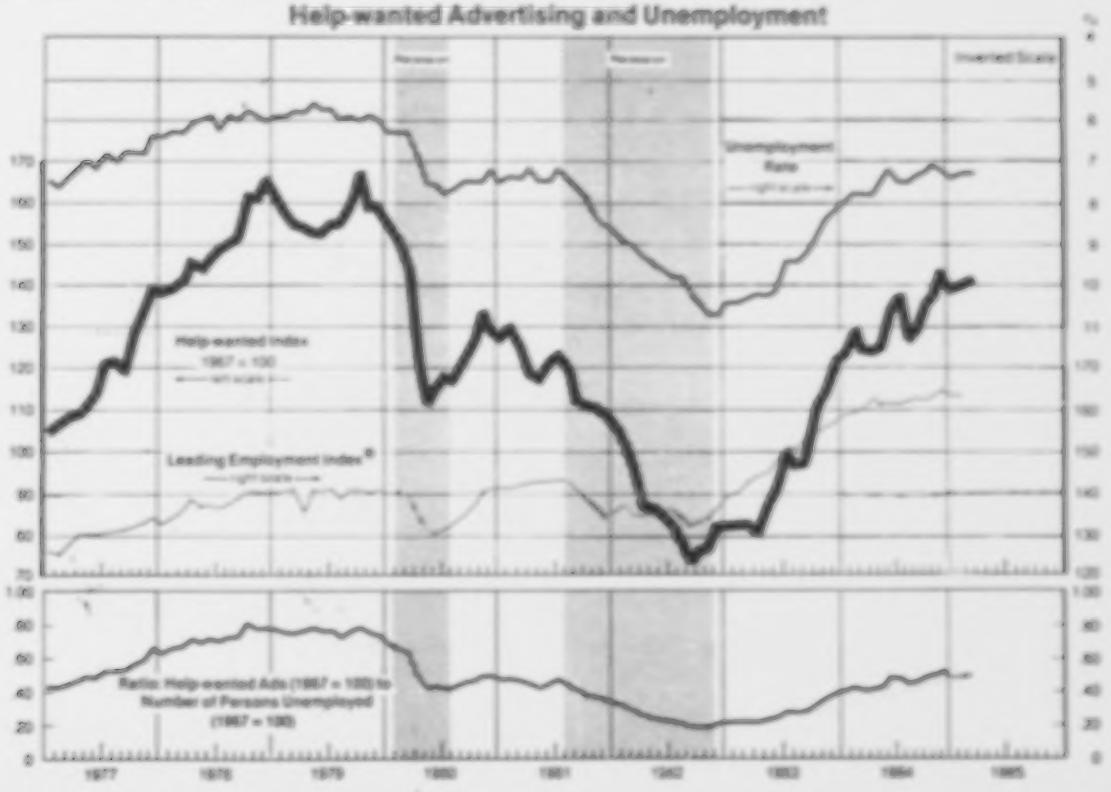
Seasonally Adjusted Indexes, 1967 = 100

Locality	1985 Feb.	1985 Jan.	1984 Dec.	1984 Feb.
National Index	140	138	145	129
New England	151	153r	154	134
Boston	166	161	168	153
Hartford	151	174r	143	124
Providence	102	109	116	78
Middle Atlantic	65	66	67	56
Albany	142	144	141	124
Allentown	177	202	165	141
New York	53	54	53	50
Philadelphia	58	57	64	52
Pittsburgh	68	66	71	56
Rochester	89	85	82	67
Syracuse	105	89	112	85
East North Central	88	83	94	76
Chicago	100	90	107	82
Cincinnati	127	130	137	93
Cleveland	61	59	65	50
Columbus	136	137	145	102
Dayton	73	69	73	59
Detroit	63	56	62	52
Gary	106	115	105	99
Indianapolis	85	87	113	62
Milwaukee	56	56	63	51
Toledo	112	114	119	96
West North Central	82	83	99	78
Kansas City	123	121	164	100
Minneapolis	81	81	90	73
Omaha	112	124	117	111
St. Louis	51	51r	61	60
South Atlantic	181	165	170	157
Atlanta	300	295	307	265
Baltimore	169	116	112	128

	1985 Feb.	1985 Jan.	1984 Dec.	1984 Feb.
Charlotte	149	151	151	131
Jacksonville	182	191	206	173
Miami	77	79	77	66
Richmond	126	106	105	87
Washington, D.C.	183	168	178	162
East South Central	137	142	143	122
Birmingham	140	149	149	123
Knoxville	194	201	186	164
Louisville	90	85	76	67
Memphis	100	105	107	111
Nashville	200	210	223	161
West South Central	264	279	291	266
Dallas	377	402	423	416
Houston	323	341	356	352
New Orleans	116	117	130	140
Oklahoma City	133	153	159	150
San Antonio	218	210	191	193
Tulsa	147	156	177	139
Mountain	325	311	353	300
Denver	N.A.	N.A.	N.A.	210
Phoenix	470	457	552	428
Salt Lake City	313	347	376	295
Pacific	205	200	206	183
Los Angeles	156	157	153	153
Sacramento	340	341	329	301
San Bernardino	201	228	210	158
San Diego	475	434	404	362
San Francisco	202	212	236	183
Seattle	186	185	185	185
Percentage of papers with rising volume	41	33%	60%	65%
Unemployment rate	7.3%	7.4%	7.2%	7.8%

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



* Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1969-1970 = 100
(Seasonally Adjusted)

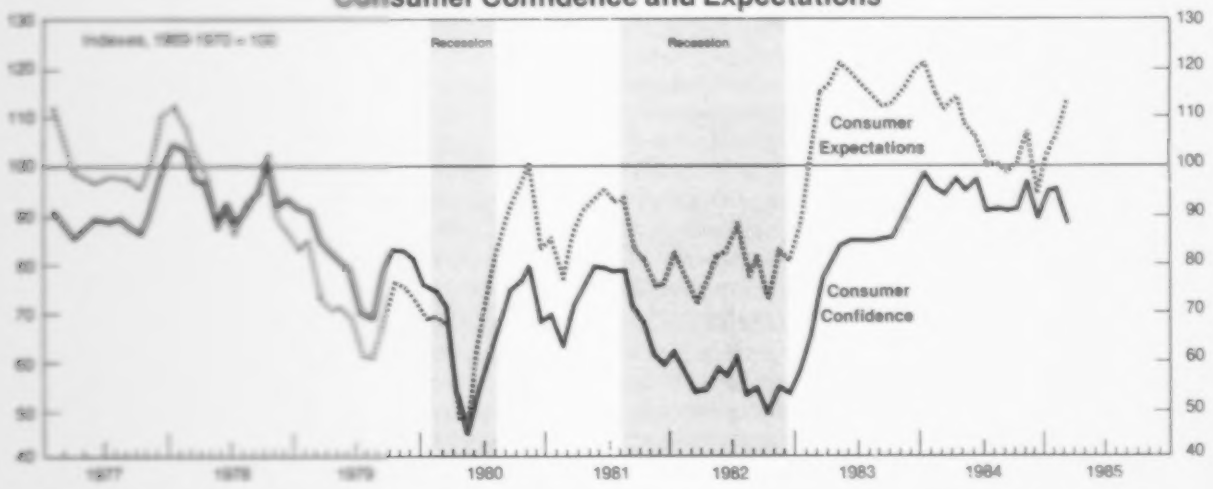
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Consumer Confidence Index												
1983	58.0	65.8	77.1	80.3	84.0	84.9	84.7	84.6	84.8	85.7	90.2	95.1
1984	98.4	95.7	94.5	97.9	95.2	97.1	91.0	91.9	91.0	91.5	96.8	85.9
1985	95.4	95.8r	86.1p									
Buying Plans Index												
1983	71.9	75.8	87.9	86.0	85.2	103.6	100.5	89.9	113.5	109.9	108.9	108.5
1984	101.4	106.0	103.9	99.4	105.1	121.8r	94.5	100.6	93.3	98.5	102.7	96.2r
1985	102.3	107.1r	113.6p									

Confidence Index measures consumer optimism in appraising economic conditions. Buying Plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (chartset below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r—revised

Consumer Confidence and Expectations



CONFERENCE BOARD ESTIMATES OF DISCRETIONARY PURCHASING POWER AND SPENDING

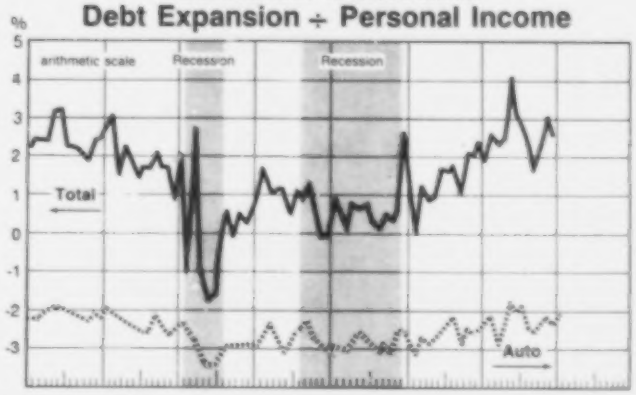
Billions of Current Dollars (Seasonally Adjusted at Annual Rates)

		Aggregate Purchasing Power (APP)	Discretionary Purchasing Power (DPP)	Discretionary Spending (DSP)	Discretionary Saving (DSA)	Ratios (DSP)/(DPP)	Ratios (DSP)/(APP)	Ratios Total Saving/ (APP)	Ratios Net Saving/ Income After Taxes
1978	IV	$1714.9	$804.0	$437.0	$167.0	72.3%	25.5%	14.0%	8.5%
1979	I	1750.5	621.0	435.3	185.8	70.1	24.8	14.0	7.5
	II	1846.3	660.4	433.4	226.9	65.6	23.5	16.3	10.5
	III	1851.0	651.0	451.8	199.2	69.4	24.2	14.2	8.8
	IV	1903.1	642.3	466.9	175.3	72.7	24.5	13.1	9.0
1980	I	1986.7	702.4	479.4	223.0	68.3	24.0	15.2	10.4
	II	1942.3	600.7	454.5	146.3	75.7	23.4	12.5	11.4
	III	2085.1	698.2	474.4	223.8	67.9	22.8	15 5	11.8
	IV	2147.8	735.9	497.5	238.3	67.6	23.2	14.9	10.8
1981	I	2186.1	732.3	520.4	211.9	71.1	23.9	13.6	10.0
	II	2235.7	740.6	514.5	226.0	69.5	23.0	14.7	10.4
	III	2317.8	771.2	525.3	246.0	68.1	22.7	15.5	12.4
	IV	2289.4	739.2	520.2	219.0	70.4	22.7	13.7	12.0
1982	Ir	2283.4	719.1	530.1	189.0	73.7	23.1	12.2	10.7
	IIr	2344.3	731.9	542.9	189.0	74.2	23.2	12.8	10.5
	IIIr	2424.6	782.9	549.5	233.4	70.2	22.7	14.1	12.3
	IVp	2458.6	799.6	577.0	222.0	72.2	23.5	13.3	10.3

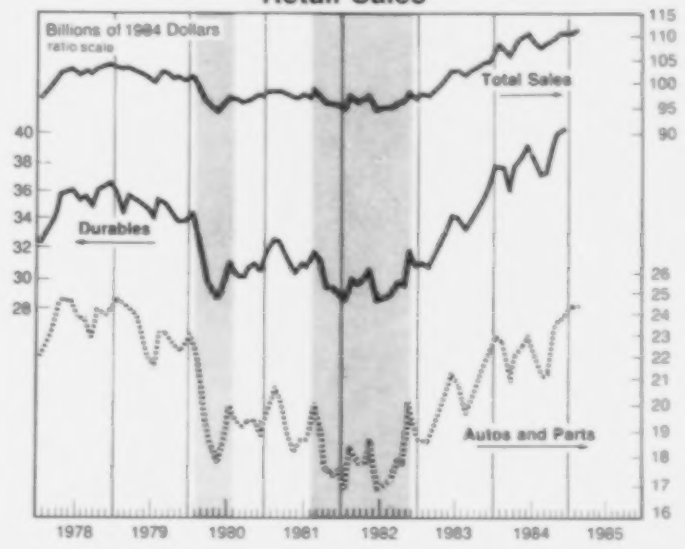
Note: For an explanation of discretionary purchasing power and spending, see the Sept., 1981 issue of the *Statistical Bulletin*.

P—Preliminary R—Revised

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



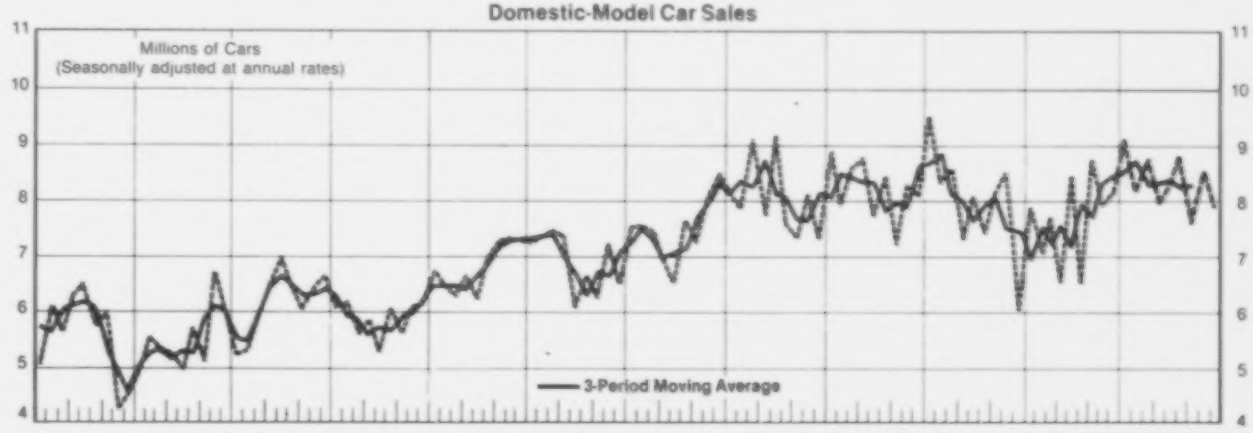
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1982	1983	1984	1985
January:	1-10	5.53	6.17	8.16	9.14
	11-20	5.59	6.20	7.84	8.16
	21-31	5.14	5.60	9.15	8.78
February:	1-10	6.10	5.86	7.79	7.97
	11-20	6.03	5.30	9.17	8.28
	21-28(29)	6.06	6.07	7.60	8.81
March:	1-10	5.46	5.61	7.35	7.60
	11-20	5.68	6.10	8.13	8.55
	21-31	6.17	6.19	7.35	7.86
April:	1-10	5.06	6.69	8.88	
	11-20	6.14	6.52	7.96	
	21-30	5.62	6.35	8.60	
May:	1-10	6.31	6.87	8.75	
	11-20	6.53	6.30	7.74	
	21-31	5.77	6.97	8.43	
June:	1-10	6.00	7.23	7.22	
	11-20	4.24	7.34	8.25	
	21-30	4.56	7.28	8.10	
July:	1-10	4.98	7.25	9.51	
	11-20	5.56	7.36	8.32	
	21-31	5.34	7.43	8.59	
August:	1-10	5.27	7.39	7.33	
	11-20	5.00	6.11	8.07	
	21-31	5.72	6.65	7.43	
September:	1-10	5.16	6.26	8.13	
	11-20	6.75	7.21	8.52	
	21-30	6.11	6.55	6.03	
October:	1-10	5.22	7.52	7.83	
	11-20	5.36	7.56	7.07	
	21-31	5.91	7.45	7.70	
November:	1-10	6.56	6.96	6.60	
	11-20	6.98	6.55	8.44	
	21-30	6.48	7.62	6.57	
December:	1-10	6.03	7.30	8.75	
	11-20	6.45	8.09	7.96	
	21-31	6.64	8.48	8.19	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic-Model Car Sales



Imports as Percent of Total New Car Sales